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*homo economicus, laissez faire.* What new knowledge can be evolved from these premises? The marginal utility theorists can afford to accept the challenge. In order to give their reasoning a mathematical or quasi-mathematical form, they have been compelled to transform the tacit assumptions of the classical economists into explicit ones. When a marginal utility theorist assumes, for the purposes of theoretical construction, that capital and labor are absolutely fluid, his critics, seeing at a glance the significance of the assumption, recoil from its consequences. The same assumption had been made ever since the time of Ricardo, not only in the theories of value and distribution, but also in those theories having an immediate practical bearing, such as the theory of international trade and the theory of the incidence of taxation, but so long as the premises were undefined, the significance of their failure to give adequate expression to the facts of life was not appreciated. The mathematical and the psychological schools can at any rate claim a moderate share of the credit for impressing upon their adherents and their opponents as well the need of caution in the use of assumptions.

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*An American Transportation System.* A criticism of the Past and the Present and a Plan for the Future. By GEORGE A. RANKIN. New York: G. P. Putnam's Sons. 12mo, pp. xv+464.

In this volume in the "Questions of the Day" series, Mr. Rankin has made a searching criticism of the past and present of our railway history and proposes a plan for the future. In many respects the book is unique. It is written in an unconventional style, which mingles with an abundance of fact and argumentation a wholesome strain of sarcastic humor that illuminates many of the most complicated railway problems and thus renders the book very readable. Throughout the treatment is simple and direct so that the layman should have no difficulty in understanding the argument.

The book is unique also in that the author has dispensed with the usual chapters and chapter headings and in their place has substituted three main divisions or parts, each of which is subdivided into a large number of topics and sub-topics. The organization of the book is open to criticism. In the first place, the titles given in the table of contents are not always a fair indication of the subject-matter discussed, as for instance, Part III which contains the proposal for the future is entitled "A Suggested Constitutional Amendment." Then, too, the same subject-matter is treated in different parts of the book, which could not be detected without reading the entire volume.

In Part I "The Wrongs in Our Transportation System" are examined and three tests are applied, namely, safety, adequacy, and economy. While comparative railway accident statistics (again treated in Part II) and the loss to the country from inadequate transportation facilities are considered, the principal emphasis is placed on the question of economy of the railway system, which is examined from various points of view, but particularly from the point of view of the financial operations of the roads. The author sets forth by careful examination

of the best available statistics the financial manipulations that have characterized railway finance. He shows how unstable and dishonest securities have been thrust upon an unsuspecting public; how the railway debt has been enormously increased without a corresponding increase in transportation facilities. For instance, "If we had acquired our 27,000 miles of road in the period from 1900-6, as economically as we acquired our 40,000 miles in the period 1890-1900, this country would have been burdened with \$1,700,000,000 less railway 'stocks and bonds,' for which it received nothing; with \$2,050,000,000 less railway 'stocks, bonds, and miscellaneous liabilities' for which it received nothing; or with \$3,510,000,000 less gross railway liabilities for which it received nothing" (pp. 69-70).

Part II deals with the "Legislative Attempts to Correct the Wrongs in Our Transportation System." Here the author calls attention to the failure of legislative interference, which he explains on the ground that the interference has been directed in the wrong way. The country has been so completely engrossed with the ideal of individualism that it has lost sight of the destructive influence of corporate irresponsibility. The laws—true to the ideal—have been framed to enforce competition with the view of keeping down rates—the belief being that low rates were fair rates. The result has been to stimulate a disregard of law and to foster financial operations that have fastened a permanent burden upon the whole country.

Part III contains Mr. Rankin's proposed remedy. The plan would first of all necessitate a constitutional amendment which would not only legalize railway combinations but give the federal government control over intrastate transportation. One monster corporation should then be formed which should control both water and rail transportation facilities. This corporation should operate the whole unified system subject to the control of a court having original, exclusive, and final jurisdiction. A reasonable return on a fair investment of capital should be insured by the government, which should allow such rates to be charged as would yield the return. The determination of a fair return should be left to the people and should be incorporated in the amendment, as for instance, 5 per cent. Further administration would then be directed by the Court, which would hold the directors responsible just as it would trustees of an estate.

Mr. Rankin argues in favor of a uniform rate, i.e., a uniform charge for like commodities carried equal distances in any part of the country.

The point of view running through the book is that railways are a monopoly in fact and should be recognized as such in law. They should be made to serve the whole nation on the most equitable basis that can be devised. The book shows familiarity with the facts of railway history and operation and because of the simplicity of the treatment it should be of great service to those unfamiliar with railway questions. Mr. Rankin's criticism of railway history and operation shows a comprehensive grasp of transportation problems and their economic effects. He seems to the writer unnecessarily panicky in his criticism of governmental control through an expert commission. Given the authority and the men, it is difficult to see the superiority of a court over a commission. Certainly on the grounds of expediency little can be said for the proposal on account of the legal obstacles in the way of its realization. Yet Mr. Rankin is

to be complimented on the boldness of his stand, which, if realized, would simplify many legal difficulties in our dual form of government and eliminate the sphere of irresponsibility which now exists between state and federal governments by subordinating the former to the latter in law as it has been done in fact, especially in such questions as transportation. F. S. DEIBLER

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*Transportation in Europe.* By LOGAN G. MCPHERSON. New York: Henry Holt & Co., 1910. 8vo, pp. 285. \$1.50.

As traffic expert for the National Waterways Commission the author spent six months abroad in a study of European transportation conditions. The various consulates of Europe had been asked by the commission to prepare extensive reports upon the means of transport in their respective districts, and Mr. McPherson has accordingly had access to complete and up-to-date information on the subject in hand. The book contains a large amount of valuable data not found in any other volume on European transportation. In view of the widespread interest in water transportation at present the volume is unusually timely, a considerable portion of the work being given to a discussion of the relation of waterways to railways. In general the author concludes that the traffic on the waterways has been maintained only by means of enormous government subsidies; that in the absence of such aid they would have been wholly unable to compete with the railways even for traffic of a bulky nature.

The data bearing on the methods of making up rate schedules by the various governments are useful for the light they throw upon the practicability of the "cost of service" theory of rate making. Government rates seem to be the result of as great a complex of conditions as are those made by privately conducted railways. Railway rates in Europe are shown to be considerably higher than they are in the United States.

The material presented has not always been handled to the best advantage and there are some inaccuracies of statement. The discussion of waterways is spread over two chapters, i and ix. Chap. i is entitled "Land Roads and Interior Waterways," but it is almost entirely devoted to a statement of the expenditures that have been made by the various countries in developing their water routes, and there appears to be little connection between land roads and the waterways. Comparisons are made in this chapter between European water rates and American rail rates. Chap. ix is devoted to "Inland Waterways and Railways." There is much repetition here that might easily have been avoided. The method employed results in some confusion in the mind of the reader, and tends to weaken the force of the presentation. As to the nature of the inaccuracies, the author locates Hamburg in southern Germany, and attributes the "abonnement" system of passenger tickets to Belgium alone, whereas Switzerland has long possessed such a scheme. While such mistakes undoubtedly mar the work they may be said in this case not to be of sufficient importance to invalidate any of the conclusions which the author has reached.

H. G. MOULTON